

Request to waive competitive bid requirement and
request to sell property

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 4/ -E

(Please type or print)

Submitted by: K. Chad BurgessSC Bar Number: 69456

Address: SCANA Corp.
1426 Main Street MC 130
Columbia, SC 29201

Telephone: 803-217-8141Fax: 803-217-7931

Other: _____

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☒ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



K. Chad Burgess
Senior Counsel

chad.burgess@scana.com

February 7, 2008

VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RECEIVED
2008 FEB - 7 AM 10:41
SC PUBLIC SERVICE
COMMISSION

RE: Letter requesting waiver of competitive bid requirement

Dear Mr. Terreni:

By Order No. 92-931 ("Order"), dated November 13, 1992, issued in Docket No. 89-230-E/G, the Public Service Commission of South Carolina ("Commission") approved certain recommendations and reporting requirements regarding real property owned by South Carolina Electric & Gas Company ("SCE&G" or "Company"). Among the recommendations and reporting requirements relating to real property, the Order requires SCE&G to engage in a competitive bidding process for sales of property with an appraised value in excess of \$50,000 ("Bid Requirement"). [See Appendix A to Order, pp.20-21]. For the reasons stated below, SCE&G respectfully requests that the Commission issue an Order authorizing SCE&G to sell certain real property without engaging in the Bid Requirement.

Background

SCE&G owns several tracts of land near Irmo, South Carolina, contiguous to SC Highway 60 also known as Lake Murray Boulevard. In 2002, Lexington County (the "County") requested that SCE&G assist in relocating the County's Fire Station/EMS facility to another parcel of land. SCE&G had formerly leased the County a site on property adjacent to the Britney Subdivision. However, the residents objected to the construction of a fire station in close proximity to their homes due to the noise from sirens.

In response to the County's need, the Company sold Lexington County approximately 4.25 acres of SCE&G's land located off Lincreek Drive. As part of this transaction, SCE&G granted the County an easement across the land SCE&G retained; this allowed the County's Fire Station/EMS facility direct access to Lake Murray Boulevard which was necessary in order to comply with County zoning laws which restricted the use of a portion of Lincreek Drive to residential traffic only. The relevant parcels that SCE&G retained after the sale to Lexington County are shown on Attachment A as Parcels "B," "C" and "E" and are shaded in yellow. The

easement SCE&G granted Lexington County is across Parcel B and is also shown on Attachment A.

In 2007, Mr. Jim Shuler, a landowner whose property adjoined SCE&G's property in the same vicinity, needed ingress and egress across both Parcels B and C in order to access his family's land. A portion of Mr. Shuler's property is shown on Attachment A as Parcel "F." After negotiating with Mr. Shuler, SCE&G agreed to sell him Parcels B and C, subject to PSC approval, and a contract was signed on June 25, 2007 between the Company and Mr. Shuler. The purchase price for Parcels B and C was \$300,000. Prior to the purchase being finalized, a legal issue arose concerning the nature of Lexington County's easement across Parcel B. In the meantime, Mr. Shuler assigned the purchase/sales agreement to Mr. Don Taylor. Following the assignment, the Company and Mr. Taylor undertook further negotiations to resolve the issues that had arisen over the nature of Lexington County's easement. Eventually, SCE&G agreed to sell to Mr. Taylor, subject to the PSC granting the waiver that is being sought by this filing, Parcels B and C as well as two additional acres (Parcel E) for \$461,400 for a total of 6.31 acres. Parcels B and C are classified as non-utility property. Parcel E is classified as utility property; however, this property is no longer needed by the Company.¹

Parcel B was appraised by Mr. Harvey Rosen for \$289,000 in January 2006. The Company valued the additional two acres in Parcel E at \$100,000 per acre for a total of \$489,000. The final sales price of \$461,400 was determined after deducting \$27,600 from the value of Parcel B due to the uncertainty surrounding the legal issues associated with the nature of Lexington County's easement across Parcel B. From an accounting standpoint, any gain realized from this transaction will be recorded in FERC Account 421.1000 entitled "Gain on Disposition of Property."

Request for Waiver

In its Order No. 92-931, the Commission requires SCE&G to engage in a competitive bid process if SCE&G seeks to sell real property in excess of \$50,000. The competitive bid process is outlined in the Order. [See Appendix A to Order, pp.20-21]. The Company understands that the purpose and intent of the Order is to protect against affiliate preferences and to insure that SCE&G disposes of real property in a manner that promotes fair and equitable treatment of the parties to the transaction, potential bidders, and SCE&G's customers.

In the present case, SCE&G is unaffiliated with the entity to which the property will be sold. The purchaser owns the interior tracts of land adjacent to SCE&G's property and is willing to pay fair market value for the three parcels SCE&G is selling. Approximately 66%-70% of Parcel C is wetlands due to the presence of Yost Creek; because of its irregular terrain, there is only a narrow (approximately 50 feet) strip of land on sufficiently high ground to be considered buildable. Furthermore, Parcel C is traversed by a 100-foot electric and gas transmission line easement as well as a 15-foot sewer line easement. Consequently, Parcel C is suitable only as a means of access to the interior tracts of land adjacent to it. For many of the same reasons, Parcel

¹ Located within Parcel E is a tract of land consisting of 0.035 acres on which SCE&G has constructed a natural gas sub-station. This tract of land will be retained by the Company and is not part of the land transaction described in this filing.

The Honorable Charles Terreni

February 7, 2008

Page 3

E is also suitable only for ingress and egress to the interior tracts of land. In addition to its very steep terrain, Parcel E contains both transmission and sewer line easements. The usefulness of this site is dependent on the consolidation of these various parcels into one tract. Consequently, selling this land will allow the Company to accommodate Mr. Taylor's need for access to his land and to recoup all of SCE&G's monetary investment in light of the limitations inherent in the Parcels due to their terrain, presence of electric and gas transmission line rights-of-way and wetlands.

By copy of this letter, we are also notifying the South Carolina Office of Regulatory Staff of the Company's request for a waiver of the Bid Requirement.

To complete our file, please acknowledge receipt of this letter by date-stamping the extra copy that is enclosed and return it to us via our courier.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosures

cc: John W. Flitter
A. Randy Watts
Shannon Bowyer Hudson, Esquire
(all via hand delivery w/enclosures)